

INSTRUCTIONS  
for  
RESCISSION OFFERS  
FOR SECURITIES SUBJECT TO  
THE NEW JERSEY UNIFORM  
SECURITIES LAW (1997)

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Form NJBOS-3  
Revised 6/98

The following procedure should be utilized for offers to repurchase securities in accordance with N.J.S.A. 49:3-71(g).

- A. All required offering material should be prepared for each person to whom the offer will be made ("rescission offeree"). (It should be noted that pursuant to N.J.S.A. 49:3-60, any offer of a security in New Jersey, including a rescission offer, must be registered or exempt under the New Jersey Uniform Securities Law or be a federal covered security for which any required filing is made.)
- B. An offer to repurchase the unregistered securities should be prepared for each rescission offeree. (This offer may be made via the attached form letter.)
- C. The rescission package must be submitted to the New Jersey Bureau of Securities ("Bureau") for review prior to distribution. Include:
  - 1. A cover letter indicating the identity of the issuer, exemption or form of registration to be relied upon for the offering, the total number of investors, number and type of securities involved and dollar amount of securities offered;
  - 2. A list with the name and address of all rescission offerees with the date, number, and dollar amount of securities purchased;
  - 3. A copy of any offering material to be used in connection with the rescission offer; and
  - 4. A draft of the rescission offer.
- D. After review by the Bureau, the rescission offer along with required offering documents should be sent by certified mail return receipt to all rescission offerees.
- E. Once the rescission offering is completed, an affidavit addressed to the Bureau and executed by the appropriate officer of the issuer should be mailed indicating that offers had been sent to the attached list of rescission offerees, the required waiting period has elapsed and rescission has been made to those persons who accepted the rescission offer.
- F. The issuer should retain in its records all documentation necessary to prove compliance with N.J.S.A. 49:3-71(g).

Form of Rescission Offer  
[Letterhead of Issuer]

[Name of Security Holder]  
[Address of Security Holder]  
[City, State, Zip Code]

Dear:

On [date of purchase], [# of shares] shares of [type of security i.e. common, preferred, debentures] of [name of issuer] at a price of [\$ ] were sold to you.

The sale of these securities did not comply with the New Jersey Uniform Securities Law (1997). Therefore, [name of issuer] hereby offers to rescind this sale and to refund to you the entire purchase price paid together with interest at the rate of [This rate is to be determined by using the rate established for interest on judgments for the same period by the Rules Governing the Courts of the State of New Jersey at the time the offer was made.] [ ]% per year from the date of payment, less the amount of any income received on the security.

Should you decide to accept this offer of rescission, return the above described securities to this office, together with a written notice of your acceptance, and the purchase price plus interest will be refunded to you.

This offer is good for thirty (30) days after you receive this letter. If you fail to accept it within that period, your right to recover under the New Jersey Uniform Securities Law (1997) will be lost.

Very truly yours,

[Officer of Issuer]  
[Title]  
[Name of Issuer]